



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rallied last Friday in line with strength shown across Asian equity markets. Market breadth was mixed with 445 gainers against 443 losers. The transportation & logistics sector was the percentage gainer again leading by an increase of 1.60%, while the property sector was the top loser declining by -0.66%. NESTLE (4707) was the top gainer for the day increasing by RM2.00 or 1.4%. The FBM KLCI rose by 0.26% to 1,495.49.

We think that the market will lose its momentum as investors brace for the impending recession in 2023.

ECONOMICS

- CPO expected to average at RM5,100 a tonne in 2022, seen at RM3,800 a tonne in 2023, says MPOB
- Economists expect more OPR hikes up to 3.25% in 2023

COMPANY

- **Poh Huat (7088)** ends FY2022 on a strong note as operations returns to pre-pandemic level
- **KLK (2445)** sees challenging 2023 for cash flow on expansion to oleochemicals segment, capex for plantation ops
- **Crest Builder (8591)** unit wins RM479 mil job to build condo blocks in Desa Parkcity

EXPRESSO FOR THE DAY

- **Technical Watch – Bonia (9288)** – Entry Price RM2.27, Target Price RM2.50, Stop Loss RM1.94, Support RM2.16, Resistance RM2.47
- **Technical Watch – Petronas Dagangan (5681)** – Entry Price RM23.00, Target Price RM25.30, Stop Loss RM19.67, Support RM21.85, Resistance RM23.75

Local		(%)
FBMKLCI	1,495.50	0.3
Volume (mil)	2,432.40	0.1
Value (RM'mil)	2,509.40	64.7
Gainers	445	
Losers	443	
Unchanged	414	

Foreign		(%)
Dow Jones	33,147.3	(0.2)
Nasdaq CI	10,466.5	(0.1)
S&P 500	3,839.5	(0.3)
FTSE 100	7,451.7	(0.8)
Nikkei 225	26,094.5	0.0
Shanghai CI	3,089.3	0.5
HSI	19,781.4	0.2
STI	3,251.3	0.1

Most Active	RM	Chg
YEWLEE	0.395	0.005
ZENTECH	0.040	0.000
YXPM	0.225	(0.005)
YTL	0.580	0.000
XL	0.770	(0.010)

Top Gainer	RM	Chg
YINSON	2.430	0.040
YLI	0.300	0.020
YNHPROP	4.230	0.020
ZECON	0.390	0.015
XINHWA	0.240	0.010

Top Loser	RM	Chg
YOCEB	1.260	(0.030)
XL	0.770	(0.010)
YBS	0.500	(0.010)
YSPSAH	2.550	(0.010)
XOX	0.015	(0.005)

Other Stats		(%)
USD/MYR	4.40	(0.35)
USD/RMB	6.90	(0.94)
Brent (USD/barrel)	85.91	4.44
Gold (USD/troy oz)	1,824.02	0.50
CPO (RM/metric t)	4,045.5	0.00



DAILY NEWSWATCH

ECONOMICS

The Malaysian Palm Oil Board (MPOB) expects the price of crude palm oil (CPO) to average at RM5,100 a tonne in 2022, which is 15.7% higher compared to RM4,407 a tonne in 2021. (The Edge)

Economists expect more overnight policy rate (OPR) hikes to combat inflationary pressures in 2023, with CGS-CIMB expecting two more 25-basis-point increases to 3.25% from 2.75% currently. (The Edge)

COMPANY

Poh Huat Resources Bhd (7088) posted a net profit of RM23.58 million in the fourth quarter ended Oct 31, 2022 (4QFY2022) versus a net loss of RM3.54 million a year ago as revenue strengthened following the recovery of production activities to pre-pandemic levels, helped by forex gains due to the strong US dollar. (The Edge)

Kuala Lumpur Kepong Bhd (2445) foresees challenges to its cash flow going into 2023 as its committed major oleochemicals expansion in Indonesia, Malaysia, China and Europe are currently on schedule. (The Edge)

Crest Builder Holdings Bhd's (8571) unit has secured a RM478.89 million contract from Perdana Parkcity Sdn Bhd to build two condominium blocks with a car park podium and retail units in Desa Parkcity here. (The Edge)



Bonia Corporation Berhad

Technical Watch - “BUY on Potential Breakout”

Bloomberg: BON MK | KLSE Stock Code: 9288

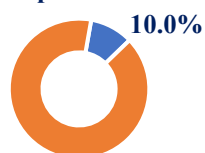
Main Market
Consumer Products & Services
Subsector – Personal Goods
Current Price: RM2.27
Target Price: RM2.50

Investment Highlights

On an uptrend, the stock is currently trading below the MA20. We think there is a potential upside supported by marubozu with a rising momentum on the stock (RSI >55).

A contracting Bollinger bands suggests lower volatility and lower potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA to crossover and SMA to hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 2
Holds: 0
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	21.1	14.3	11.8
P/B	0.7	0.5	0.7
P/CF	3.2	2.9	5.0
P/S	0.9	0.5	0.5

*CF – Cashflow per share, S – Sales per share

Company Overview

Bonia Corporation Berhad operates as an investment holding and management company. The Company designs, manufactures, retails, and wholesales leather goods, menswear, watches, eyewear, and other accessories, as well as develops and invests in properties. Bonia Corporation serves customers worldwide.



Ronnie Tan

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Entry Price	RM2.27
Market Cap (m)	RM454.9
52w high	RM2.73
52w low	RM0.91
Stop Loss	RM1.94
Immediate Support	RM2.16
Immediate Resistance	RM2.47 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	904,067.7



Petronas Dagangan Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PETD MK | KLSE Stock Code: 5681

Main Market
Consumer Products & Services
Subsector – Retailers

Current Price: RM23.00

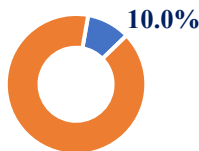
Target Price: RM25.30

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a marubozu coupled with a strong momentum on the stock (RSI >60).

A contracting Bollinger bands suggests lower volatility and lower potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA to hold and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 2

Holds: 6

Sells: 3

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	40.0	34.4	29.5
P/BV	3.5	3.6	3.7
P/CF	46.7	41.1	26.8
P/S	0.9	0.8	0.7

*CF – Cashflow per share, S – Sales per share

Company Overview

Petronas Dagangan Berhad markets petroleum products and operates service stations domestically. Through its subsidiaries, the Company has operations in aviation fueling at Kuala Lumpur International Airport and bunkering facilities at West Port along with marketing and distributing lubricants.



Ronnie Tan

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Entry Price	RM23.00
Market Cap (m)	RM22,849.4
52w high	RM23.78
52w low	RM18.76
Stop Loss	RM19.67
Immediate Support	RM21.85
Immediate Resistance	RM23.75 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	496,258.7



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
5/12/2022	PowerRoot	7237	2.360	2.080	2.020	2.600	1.0	-11.9	SL Triggered
5/12/2022	Heineken	3255	25.980	25.200	22.210	28.580	-0.7	-3.0	-
6/12/2022	Bonia	9288	2.460	2.270	2.100	2.700	4.1	-7.7	SL Triggered
6/12/2022	Master-Pack	7029	2.410	2.350	2.060	2.650	-0.4	-2.5	-
7/12/2022	LPI	8621	13.020	12.640	11.130	14.320	-0.6	-2.9	-
7/12/2022	AME	5293	1.370	1.240	1.170	1.510	-1.6	-9.5	-
8/12/2022	SDS	0212	0.800	0.740	0.680	0.880	-1.3	-7.5	SL Triggered
8/12/2022	Aemulus	0181	0.480	0.475	0.410	0.520	-2.1	-1.0	-
9/12/2022	Ajiya	7609	1.740	1.590	1.490	1.910	-0.6	-8.6	SL Triggered
9/12/2022	Signature	7246	2.950	2.350	2.510	3.220	-2.9	-20.3	SL Triggered
12/12/2022	Vitrox	0097	7.940	7.650	6.790	8.730	0.0	-3.7	-
12/12/2022	AMMB	1015	4.220	4.140	3.610	4.640	-1.0	-1.9	-
13/12/2022	Kotra	0002	6.050	6.600	5.170	6.660	3.0	9.1	TP Achieved
13/12/2022	PPB	4065	17.820	17.440	15.240	19.600	0.3	-2.1	-
14/12/2022	F&N	3689	22.120	21.580	18.910	24.330	0.0	-2.4	-
14/12/2022	HarnLen	7501	1.970	2.050	1.680	2.170	2.5	4.1	-
15/12/2022	QLResources	7084	5.650	5.510	4.830	6.220	-0.7	-2.5	-
15/12/2022	PublicBank	1295	4.440	4.320	3.800	4.880	-0.7	-2.7	-
16/12/2022	BAT	4162	11.320	11.220	9.680	12.450	-0.7	-0.9	-
16/12/2022	PressMetal	8869	4.930	4.880	4.220	5.420	0.2	-1.0	-
19/12/2022	HapSeng	3034	5.650	6.400	5.370	6.220	-1.2	13.3	TP Achieved
19/12/2022	IoiCorp	1961	3.980	4.050	3.400	4.380	0.0	1.8	-
20/12/2022	IHH	5225	5.900	6.220	5.040	6.490	-0.2	5.4	-
20/12/2022	Gamuda	5398	3.700	3.750	3.160	4.070	0.0	1.4	-
21/12/2022	HLFG	1082	18.780	18.600	16.060	20.660	0.5	-1.0	-
21/12/2022	SEQB	9822	4.860	4.930	4.160	5.350	3.4	1.4	-
22/12/2022	KeinHing	7199	2.050	2.120	1.750	2.260	3.4	3.4	-
22/12/2022	Maybank	1155	8.780	8.700	7.510	9.660	-0.5	-0.9	-
23/12/2022	GenP	2291	6.040	6.400	5.160	6.640	0.0	6.0	-
23/12/2022	Scomnet	0001	1.670	1.570	1.430	1.840	0.0	-6.0	-
27/12/2022	7-Eleven	2289	1.990	1.930	1.700	2.190	1.0	-3.0	-
27/12/2022	RHBBank	4579	5.740	5.790	4.910	6.310	0.7	0.9	-
28/12/2022	SuperMax	7106	0.910	0.870	0.780	1.000	-1.7	-4.4	-
28/12/2022	GenP	2291	6.400	6.400	5.470	7.040	0.0	0.0	-
29/12/2022	BIMB	5258	2.730	2.730	2.330	3.000	3.0	0.0	-
29/12/2022	Allianz	1163	14.200	14.160	12.140	15.620	-0.3	-0.3	-
30/12/2022	SMI	4375	0.610	0.610	0.520	0.670	0.0	0.0	-
30/12/2022	RHBBank	1066	5.750	5.790	4.920	6.330	0.7	0.7	-
1/1/2023	Bonia	9288	2.270	2.270	1.940	2.500	4.1	0.0	-
1/1/2023	PetDag	5681	23.000	23.000	19.670	25.300	4.5	0.0	-

*SL= Stop Loss

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
RCE Capital Bhd	Finance	1.680	0.18	10.7
SHL Consolidated Bhd	Property	1.840	0.18	9.8
YTL Hospitality REIT	REIT	0.920	0.08	8.5
British American Tobacco Malay	Consumer	11.260	0.91	8.1
Tambun Indah Land Bhd	Property	0.760	0.06	7.6
UOA REIT	REIT	1.150	0.09	7.5
Capitaland Malaysia Trust	REIT	0.540	0.04	7.2
Matrix Concepts Holdings Bhd	Property	1.480	0.10	7.0
Uchi Technologies Bhd	Industrial	3.380	0.23	6.8
Al-'Aqar Healthcare REIT	REIT	1.210	0.08	6.8
AmFirst REIT	REIT	0.350	0.02	6.5
Pavilion REIT	REIT	1.200	0.08	6.5
YTL Power International Bhd	Utilities	0.720	0.05	6.4
Malayan Banking Bhd	Finance	8.710	0.55	6.3
Sunway REIT	REIT	1.470	0.09	6.1

Source: Bloomberg

User guide: Mercury Securities compile a list of **dividend stocks** for conservative long term passive investors looking for regular income while keeping the investment intact.

Methodology: The list below is made up of stocks that pay high dividend (Estimate dividend yield >4%) and paying dividend consistently (Paid dividend for the last 3 years)



SECTORIAL VALUATION

The chart below depicts the performance of the respective KLCI sectors over a five-year period including the current and forward P/E. The sector’s performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors and notice that the technology sector is the best performing sector over a five-year period between 2016 and 2020 with a compound annual growth rate. The user will also be able to identify sector value based on the current P/E and the corresponding 5-year high, low and average P/E. For example, finance sector PE is currently at 11.4 times against 5-year average P/E of 12.2 times, suggesting financials valuation is in line with the average of 12.2 times.

Index	Return (%)	Valuation P/E (X)					
		YTD	5 - Years			Current	1 Yr – Fwd
			High	Low	Avg		
KLCI	(4.8)	21.3	14.8	17.5	14.8	13.1	
Finance	6.2	13.0	11.5	12.3	11.8	9.8	
Property	(8.3)	13.8	8.4	11.5	8.4	8.8	
Plantation	7.6	94.6	9.3	43.4	9.3	15.2	
Consumer	0.9	25.6	14.7	22.0	14.7	16.3	
Technology	(34.2)	29.8	19.1	24.3	22.5	22.0	
Construction	(1.5)	22.2	9.6	17.1	9.6	12.0	
Energy	10.0	-	-	-	8.7	10.0	
Health care	(25.2)	52.6	26.0	39.3	26.0	28.3	
Ind Prod	(10.6)	38.6	10.0	23.7	10.0	12.5	
REIT	(2.3)	-	-	-	20.1	15.0	
Telco	(8.4)	25.1	22.7	23.9	22.7	18.3	
Transportations	(1.3)	-	-	-	-	17.9	
Utilities	0.1	-	-	-	13.0	12.4	

Source: Bloomberg



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